

**MICHELE MCQUIGG  
CLERK OF THE CIRCUIT COURT  
FOR THE  
COUNTY OF PRINCE WILLIAM**

**REPORT ON AUDIT  
FOR THE PERIOD  
JULY 1, 2009 THROUGH DECEMBER 31, 2010**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

May 11, 2011

The Honorable Michele McQuigg  
Clerk of the Circuit Court  
County of Prince William

Board of Supervisors  
County of Prince William

Audit Period: July 1, 2009 through December 31, 2010  
Court System: County of Prince William

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

## Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK: clj

cc: The Honorable Lon Edward Farris, Chief Judge  
Melissa S. Peacor, County Executive  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia  
Director, Admin and Public Records  
Department of Accounts

## COMMENTS TO MANAGEMENT

We noted the following matter involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

### Request Tax Set Off Refunds

The Clerk did not request the Virginia Department of Taxation (TAX) tax set off refunds totaling \$3,303 for individuals that owe delinquent court costs and fines, resulting in a loss of revenue to the Commonwealth and locality. A court must request tax refunds through TAX's automated accounting system called the Integrated Revenue Management System. The Clerk should request tax set off refunds to maximize collections as required by Section 58.1-524 (A) of the Code of Virginia.

### Properly Enter Cases and Bill Fines and Costs

The Clerk is not properly billing and collecting fines and Court appointed attorney fees involving local and state charges resulting in a loss of revenue to the Commonwealth and locality. Auditor tested ten cases and noted the following errors in seven of these cases.

- In two of ten local cases, the Clerk incorrectly entered fines totaling \$300 to the wrong locality.
- In seven of ten cases, the Clerk entered the court appointed attorney fees for local cases incorrectly, resulting in the locality not being billed. Instead, the Clerk certified the fees to the Commonwealth, which paid \$1,439.

We recommend the Clerk research all similar cases, make the appropriate corrections to case paperwork, and bill the localities for the applicable court appointed attorney fees. The Clerk and her staff should bill and collect court costs and fines in accordance with Sections 19.2-340 and 19.2-163.4:1 of the Code of Virginia.

### Timely Remit Excess Copy Revenues

The Clerk did not remit excess copy fees to the Commonwealth timely as directed by the Circuit Financial Management System User's Guide, Chapter 9. As outlined in Section 15.2-1656 of the Code of Virginia, the locality must purchase and maintain copy equipment in the Clerk's office. The locality can receive a monthly reimbursement from copy fees for actual expenses and the Clerk must calculate this reimbursement, and in accordance with Section 17.1-275A (8) of the Code of Virginia sent the remaining copy fees to the Commonwealth.

For four months during the audit period, the Clerk did not send the excess copy fees to the Commonwealth. Although the Clerk did send the excess fees totaling \$12,212, the delay was due to a clerical error. The Clerk should take steps immediately to make sure staff sends all collections timely to the Commonwealth.

### Follow Unclaimed Property Procedures

In 2008, the Clerk knowingly paid a victim \$442 in restitution although the Clerk had previously escheated the funds to the Division of Unclaimed Property. It has been over two years since this payment and the Clerk still has not filed the appropriate paperwork with the Division of Unclaimed Property for reimbursement. In the future, the Clerk should immediately file the appropriate paperwork to receive reimbursement from the Division of Unclaimed Property.



# OFFICE OF THE CLERK OF CIRCUIT COURT



Prince William County  
Cities of Manassas and Manassas Park  
Virginia

Michèle B. McQuigg  
Clerk of the Court

Robert S. FitzSimmonds, III  
Chief Deputy Clerk

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Manassas, Virginia 20110  
(703) 792-6015  
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April 20, 2011

Mr. Walter Kucharski  
Auditor of Public Accounts  
101 N. 14<sup>th</sup> Street, 8<sup>th</sup> Floor  
Richmond, Virginia 23218

Dear Mr. Kucharski:

This is the response to the Comments to Management for the audit covering July 1, 2009 through December 31, 2010.

## Request Tax Set Off Refunds

The Clerk did not request the Virginia Department of Taxation (TAX) tax set off refunds totaling \$3,303 for individuals that owe delinquent court costs and fines, resulting in a loss of revenue to the Commonwealth and locality. A court must request tax refunds through TAX's automated accounting system called the Integrated Revenue Management System. The Clerk should request tax set off refunds to maximize collections as required by Section 58.1-524 (A) of the Code of Virginia.

## RESPONSE:

During our last audit, it was stressed that we should train redundant backups for tax set-off. We agreed and responded by training two additional employees. One instance cited in the audit resulted from confusion during the training period and the requirement to respond within 3 days. The confusion arose concerning how to deal with a complex situation. We received no response from TAX within the 3 day certification window which resulted in automatic default. For the other instance, the pre-default notice was never received. We have responded to this by creating a procedure in-house to certify in response to a match file rather than the pre-default notice.

## Properly Enter Cases and Bill Fines and Costs

The Clerk is not properly billing and collecting fines and Court appointed attorney fees involving local and state charges resulting in a loss of revenue to the Commonwealth and locality. Auditor tested ten cases and noted the following errors in seven of these cases.

- In two of ten local cases, the Clerk incorrectly entered fines totaling \$300 to the wrong locality.
- In seven of ten cases, the Clerk entered the court appointed attorney fees for local cases incorrectly, resulting in the locality not being billed. Instead, the Clerk certified the fees to the Commonwealth, which paid \$1,439.

We recommend the Clerk research all similar cases, make the appropriate corrections to case paperwork, and bill the localities for the applicable court appointed attorney fees. The Clerk and her staff should bill and collect court costs and fines in accordance with Sections 19.2-340 and 19.2-163.4:1 of the Code of Virginia.

RESPONSE: We don't know when this office adopted the procedure for billing Court Appointed Attorney fees that was in use at the time of the audit. It is so long standing that it predates my election as Clerk and is reflected in the forms printed and used. In addition, it escaped the notice of previous audits including the immediate prior audit where the whole area of fines and costs was scrutinized. Since it has been pointed out, we have responded by training our staff, replacing our forms and adopting new procedures. We have corrected the identified cases, and we are in conversations with the Supreme Court to determine the feasibility of researching all similar cases. We have adopted a quality control process to check for errors and created a voucher for attorneys to fill out for local cases.

#### Timely Remit Excess Copy Revenues

The Clerk did not remit excess copy fees to the Commonwealth timely as directed by the Circuit Financial Management System User's Guide, Chapter 9. As outlined in Section 15.2-1656 of the Code of Virginia, the locality must purchase and maintain copy equipment in the Clerk's office. The locality can receive a monthly reimbursement from copy fees for actual expenses and the Clerk must calculate this reimbursement, and in accordance with Section 17.1-275A(8) of the Code of Virginia sent the remaining copy fees to the Commonwealth.

For four months during the audit period, the Clerk did not send the excess copy fees to the Commonwealth. Although the Clerk did send the excess fees totaling \$12,212, the delay was due to a clerical error. The Clerk should take steps immediately to make sure staff sends all collections timely to the Commonwealth.

RESPONSE: We have adjusted our process to include a check on the remittance of these funds to ensure that it is done in a timely manner.

#### Follow Unclaimed Property Procedures

In 2008, the Clerk knowingly paid a victim \$442 in restitution although the Clerk had previously escheated the funds to the Division of Unclaimed Property. It has been over two years since this payment and the Clerk still has not filed the appropriate paperwork with the Division of Unclaimed Property for reimbursement. In the future, the Clerk should immediately file the appropriate paperwork to receive reimbursement from the Division of Unclaimed Property.

Mr. Walter Kucharsk

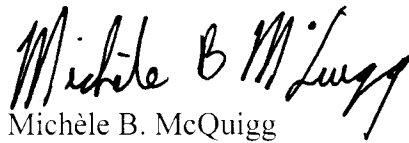
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RESPONSE: The procedure in place at the time called for the Clerk to pay the victim, then claim the funds from Division of Unclaimed Property. We have since changed this procedure so that the victim must make their claim directly to Unclaimed Property when the funds have been escheated. We have begun the claim process with Division of Unclaimed Property for the \$442 and expect to have the funds before the end of the year.

We appreciate the hard work and the professionalism of the audit team.

Sincerely,

A handwritten signature in black ink, reading "Michèle B. McQuigg". The signature is written in a cursive style with a large, stylized "M" at the beginning and a long, sweeping flourish at the end.

Michèle B. McQuigg